

STATE FINANCE COMMITTEE
OLYMPIA, WASHINGTON

September 18, 2002

The State Finance Committee met in a special meeting after notice duly given to the press and radio of Thurston County.

Present: Michael J. Murphy, State Treasurer
Gary Locke, Governor
Brad Owen, Lieutenant Governor

Also Present: Allan J. Martin, Office of the State Treasurer
Jeanne Cushman, Office of the Attorney General
Hugh Spitzer, Foster Pepper & Shefelman
Dean Torkelson, Seattle-Northwest Securities
Susan Musselman, Susan D. Musselman Inc.
Kristi Wolgamot, Office of the State Treasurer
Chia Yang, Montague DeRose and Associates
Penny Drost, Senate Staff
Senator Bob Oke, District 26
Judy Oke
Bill Starkey, Department of Transportation
Rich Ybarra, Department of Transportation
Amy Arnis, Department of Transportation
Rae Bradrick, Office of the Secretary of State
Dan Speigle, Office of the Secretary of State
Shad Pruitt, Office of the State Treasurer
Svein Braseth, Office of the State Treasurer
Pam Johnson, Office of the State Treasurer
Nancy Notter, Office of the State Treasurer
Suzanne Coit, Office of the State Treasurer
Marty Brown, Office of Financial Management
Vicki Cox, Office of the State Treasurer

Chairman Murphy called the meeting to order.

Lt. Governor Owen moved the minutes for the July 23, 2002 meeting be approved. Chairman Murphy seconded the motion. The motion passed and the minutes were adopted.

Mr. Martin stated that proposed Resolution No. 961 accepts the bids for the purchase of State of Washington Motor Vehicle Fuel Tax General Obligation Bonds, Series 2003B in the aggregate principal amount of \$140,500,000, more or less; fixing the interest rates and designating serial and term bond maturities for the bonds; all in accordance with Resolution No. 960. The Series 2003B Bonds are tax-exempt current interest bonds. The interest will be paid

semi-annually on the outstanding principal. The Series 2003B Bonds are structured to produce an approximate level debt service over the life of the Bonds. Mr. Martin said that three bids were received and accepted electronically through Parity at 7:00 a.m. J.P. Morgan Securities, Inc. submitted a true interest cost (TIC) of 4.4479537%; Merrill Lynch & Co. submitted a TIC of 4.4904709%; and Salomon Smith Barney, Inc. submitted a TIC of 4.5027488%, with the apparent low bidder being J.P. Morgan Securities, Inc. Chairman Murphy asked if the bids met the requirements of Surebid and if the bid amount was verified. Mr. Martin confirmed that they did and were. Chairman Murphy said they were thrilled with the interest rates and that the interest rates were the lowest they have been in 34 years.

Mr. Martin presented proposed Resolution No. 961 to the committee.

Resolution No. 961 awards the sale of \$140,500,000, more or less, State of Washington Motor Vehicle Fuel Tax General Obligation Bonds, Series 2003B, authorized by Chapter 321, Laws of 1998 (Referendum 49).

Governor Locke moved to adopt Resolution No. 961. Lt. Governor Owen seconded the motion and the resolution as adopted.

Chairman Murphy introduced Senator Bob Oke and his wife Judy, of Gig Harbor. He said Senator Oke was the principal in the Legislature on structuring the issuance of the bonds for the Tacoma Narrows Bridge Project. Chairman Murphy said Senator Oke and Speaker of the House Frank Chopp had attended and witnessed the bidding process for the Series 2003C bonds at 8:00 a.m. in the Office of the State Treasurer.

Mr. Martin said proposed Resolution No. 962 accepts the bids for the purchase of State of Washington Motor Vehicle Fuel Tax General Obligation Bonds, Series 2003C in the aggregate principal amount of \$158,000,000, more or less; in accordance with Resolution No. 960. He said the Series 2003C Bonds are tax-exempt compound interest bonds with the interest paid only at maturity. Mr. Martin stated that four bids were received and accepted electronically through Parity at 8:00 a.m. J.P. Morgan Securities, Inc. submitted a TIC of 4.857420%; Goldman, Sachs & Co. submitted a TIC of 4.859134%; Salomon Smith Barney, Inc. submitted a TIC of 4.892020; and Merrill Lynch & Co. submitted a TIC of 4.904569, with the apparent low bidder being J.P. Morgan Securities, Inc. Chairman Murphy asked if the bids met the requirements of Surebid and if the bid amount was verified. Mr. Martin confirmed that they did and were. Chairman Murphy said this bond series funded the Tacoma Narrows Bridge in Pierce County. Chairman Murphy said he was aware of litigation brought on by the Citizens Against Tolls group, but bond counsel had assured him that the bonds were valid issues.

Mr. Martin presented proposed Resolution No. 962 to the committee.

Resolution No. 962 awards the sale of \$158,000,000, more or less, State of Washington Motor Vehicle Fuel Tax General Obligation Bonds, Series 2003C, authorized by Chapter 321, Laws of 1998 (Referendum 49) (RCW 47.10.843), and Chapter 39.42 RCW.

Governor Locke moved to adopt Resolution No. 962. Lt. Governor Owen seconded the motion and the resolution was adopted.

Mr. Martin said proposed Resolution No. 963 accepts the bids for the purchase of State of Washington Various Purpose General Obligation Refunding Bonds, Series R-2003A, in the aggregate principal amount of \$639,005,000, more or less, as authorized by Chapters 39.42 and 39.53 RCW and Resolution No. 875 of the Committee. The Series R-2003A Bonds are tax-exempt current interest refunding bonds. The interest will be paid semi-annually on the outstanding principal. Mr. Martin said four bids were received and accepted electronically through Parity at 7:00 a.m. J.P. Morgan Securities, Inc. submitted a TIC of 4.0353783%; Merrill Lynch & Co. submitted a TIC of 4.0482151%; Goldman Sachs & Co. submitted a TIC of 4.0500369%; and Salomon Smith Barney, Inc. submitted a TIC of 4.0746085%, with the apparent low bidder being J.P. Morgan Securities, Inc. Chairman Murphy said these were exceptional bids for the current economic environment. Mr. Torkelson said the savings would be \$4.3 million per year. He said the committee broke records by selling \$1 billion dollars total in bonds and the exceptional interest rate for the bonds being refunded.

Mr. Martin presented proposed Resolution No. 963 to the committee.

Resolution No. 963 awards the sale of \$639,005,000, more or less, State of Washington Various Purpose General Obligation Refunding Bonds, Series R-2003A, authorized by Chapters 39.42 and 39.53 RCW and Resolution No. 875 of the Committee.

Governor Locke moved to adopt Resolution No. 963. Lt. Governor Owen seconded the motion and the resolution as adopted.

Ms. Wolgamot introduced Rae Bradrick and Dan Speigle with the Office of the Secretary of State. Ms. Wolgamot said proposed Resolution No. 964 approves forms of financing documents and authorizes the issuance and sale of an amount up to \$14,236,000 of state of Washington Certificates of Participation plus financing costs and required reserves for the Secretary of State, Regional Archives Building in eastern Washington and related technology equipment and software for an electronic data archive. Proceeds of the sale will be used for the construction of an approximately 46,900 square foot regional archives building in eastern Washington to be sited on the Eastern Washington University campus in Cheney and to purchase related technology equipment and software for an electronic data archive. Construction is expected to be completed in April of 2004.

Ms. Wolgamot presented proposed Resolution No. 964 to the committee.

Resolution No. 964 approves a State Agency Financing Lease and related documents to be entered into by the Office of the Secretary of State, Archive Division, for the construction of a regional archive building in Eastern Washington and acquisition of technology equipment and software for an electronic data archive, as authorized by the Laws of 2001, 2nd Sp. Sess., Chapter 8, Section 907(1)(a) and (b), and the issuance and sale of up to \$14,236,000, plus

financing expenses and required reserves, of State of Washington Certificates of Participation, 2002 (Eastern Washington Regional Archives Project), pursuant to Chapter 39.94 RCW.

Governor Locke moved to adopt Resolution No. 964. Lt. Governor Owen seconded the motion and the resolution as adopted.

Ms. Wolgamot said proposed Resolution No. 965 approves the forms of financing documents and authorizes the issuance and sale of an amount up to \$16,000,000 of state of Washington Certificates of Participation plus financing costs and required reserves for the State Board for Community and Technical Colleges on behalf of Bellevue Community College, for the construction of a structured parking garage. The Bellevue Community College Project consists of the construction of a new 240,757 square foot parking facility on the College's main campus in Bellevue. The total cost of the project is approximately \$13,000,000 for construction and \$3,000,000 for related property acquisition, all of which will be paid from proceeds of the Certificates. The Bellevue Project is being managed by the state's Department of General Administration, which has extensive experience with project construction and real estate management. The project is currently in the permit process and construction is scheduled to get underway in November 2002. The project is expected to be complete by November 2003.

Ms. Wolgamot presented proposed Resolution No. 965 to the committee.

Resolution No. 965 approves a State Agency Financing Lease and related documents to be entered into by the State Board for Community and Technical Colleges on behalf of Bellevue Community College, for construction of a structured parking garage on the Bellevue Community College main campus in Bellevue, Washington, as authorized by the Laws of 2001, 2nd Sp. Sess., Chapter 8, Section 907(6)(i), and the issuance and sale of up to \$16,000,000, plus financing expenses and required reserves, of State of Washington Certificates of Participation, State Board for Community and Technical Colleges, Series 2002 (Bellevue Community College), pursuant to Chapter 39.94 RCW.

Governor Locke moved to adopt Resolution No. 965. Lt. Governor Owen seconded the motion and the resolution as adopted.

There being nothing further to come before the committee, the meeting was adjourned at 10:21 a.m.

STATE FINANCE COMMITTEE
STATE OF WASHINGTON

Michael J. Murphy, State Treasurer & Chairman

Gary Locke, Governor & Member

Brad Owen, Lieutenant Governor & Member

Allan J. Martin
Deputy State Treasurer & Secretary